



Virginia
Regulatory
Town Hall

Notice of Intended Regulatory Action Agency Background Document

Agency Name:	Board of Accountancy
VAC Chapter Number:	18 VAC 5-21-10 et seq.
Regulation Title:	Board of Accountancy Regulations
Action Title:	Amend existing Board of Accountancy Regulations
Date:	October 2, 2002

This information is required prior to the submission to the Registrar of Regulations of a Notice of Intended Regulatory Action (NOIRA) pursuant to the Administrative Process Act § 9-6.14:7.1 (B). Please refer to Executive Order Twenty-Five (98) and Executive Order Fifty-Eight (99) for more information.

Purpose

Please describe the subject matter and intent of the planned regulation. This description should include a brief explanation of the need for and the goals of the new or amended regulation.

To fulfill the statutory mandate to review its regulations governing the licensure and practice of certified public accountants (CPAs) and CPA firms in Virginia, and to protect the citizens of the Commonwealth, the Board of Accountancy seeks to propose amendments to its existing regulations related to the qualifications for, and issuance and maintenance of, a CPA license and CPA firm registration, as well as the standards of conduct and practice, and the continuing professional education requirements. These amendments are meant to be enhancements, which will be reasonable, prudent, and will not impose an unnecessary burden on its regulants.

Basis

Please identify the state and/or federal source of legal authority to promulgate the contemplated regulation. The discussion of this authority should include a description of its scope and the extent to which the authority is mandatory or discretionary. The correlation between the proposed regulatory action and the legal authority identified above should be explained. Full citations of legal authority and, if available, web site addresses for locating the text of the cited authority must be provided.

The Board of Accountancy has been given the legal authority to promulgate the contemplated amendments to its regulations through Chapter 44 of Title 54.1 of the Code of Virginia, 1950, as amended.

Section 54.1-4402 B gives the Board the authority to “certify and issue CPA certificates to persons to practice public accountancy and restrict the practice of public accountancy to those persons who are so certified, who may call themselves CPAs, and shall take such actions as may be authorized by this chapter to ensure their continued competence and to aid the public in determining the qualifications of such persons.”

Section 54.1-4402 C gives the Board “the responsibility of enforcing this chapter and may by regulation establish rules and procedures for the implementation of the provisions of this chapter.”

(To view subsections B and C of Section 54.1-4402, please go to the Legislative Information System at the following web address: <http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+54.1-4402>.)

The following subsections of Section 54.1-4403 give the Board the powers and duties to:

1. “Establish the qualifications of applicants for licensure, provided that all qualification shall be necessary to ensure competence and integrity.”
2. “Examine, or cause to be examined, the qualifications of each applicant for licensure, including the preparation, administration, and grading of examinations.”
3. “Promulgate regulations in accordance with the Administrative Process Act (§ 2.2-4000 et seq.) necessary to assure continued competency, to prevent deceptive or misleading practices by practitioners and to effectively administer the regulatory system.”
4. “Levy and collect fees for licensure and registration and renewal that are sufficient to cover all expenses for the administration and operation of the Board.”
5. “Levy on licensees special assessments necessary to cover expenses of the Board.”
6. “Receive complaints concerning the conduct of persons and businesses licensed or registered by the Board as well as persons and businesses violating the provisions of this chapter and to take appropriate disciplinary action if warranted.”
7. “Revoke, suspend or fail to renew a certificate or license for just causes as enumerated in regulations of the Board.”
8. “Establish requirements for peer reviews of accounting practices or other related programs established to ensure that firms are conducting their practice in accordance with the standards of conduct and practice.”

9. "Establish continuing professional education standards as a condition for issuance or renewal of a CPA certificate."
10. "Establish applicable standards of conduct and practice for CPA certificate holders."
11. "Enter into contracts necessary or convenient for carrying out the provisions of this chapter or the functions of the Board."
12. "Do all things necessary and convenient for carrying into effect this chapter or as enumerated in regulations promulgated by the Board."

(To view Section 54.1-4403, please go to the Legislative Information System at the following web address: <http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+54.1-4403>.)

Substance

Please detail any changes that would be implemented: this discussion should include a summary of the proposed regulatory action where a new regulation is being promulgated; where existing provisions of a regulation are being amended, the statement should explain how the existing regulation will be changed. The statement should set forth the specific reasons the agency has determined that the proposed regulatory action would be essential to protect the health, safety or welfare of citizens. In addition, a statement delineating any potential issues that may need to be addressed as the regulation is developed shall be supplied.

The Board of Accountancy will propose amendments to its existing regulations to revise and clarify the following sections: (i) definitions; (ii) fees; (iii) qualifications for licensure (includes clarified language about the current CPA exam, and new language about the forthcoming computer-based CPA exam); (iv) issuance of a license to initial applicants, through endorsement, and by substantial equivalency; (v) registration of CPA firms (includes clarified language about the peer review requirements); (vi) standards of conduct and practice; and (vii) continuing professional education requirements for initial applicants, license holders and non-CPA owners. The Board may propose new provisions governing: (i) the practice of CPAs in the Commonwealth who have not been issued a Virginia CPA license; (ii) the requirements for non-CPA owners in CPA firms; and (iii) enforcement actions against regulants.

Alternatives

Please describe, to the extent known, the specific alternatives to the proposal that have been considered or will be considered to meet the essential purpose of the action.

The Board of Accountancy will consider alternative requirements and confirm that the amendments to the existing regulations will simplify current regulations to be less burdensome, while also continuing to protect the citizens of the Commonwealth by regulating individual CPAs and CPA firms that provide public accountancy services in Virginia.

Family Impact Statement

Please provide a preliminary analysis of the potential impact of the proposed regulatory action on the institution of the family and family stability including to what extent the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.

The amendments to be proposed by the Board of Accountancy will not have an impact on the institution of the family and family stability. The proposed amendments will not strengthen nor erode the authority and rights of parents in the education, nurturing, and supervision of their children. They will not encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse and one's children and/or elderly parents. These amendments will not strengthen or erode the marital commitment. The effect of amendments on disposable family income will be minimal.